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Livestock and Fibre markets

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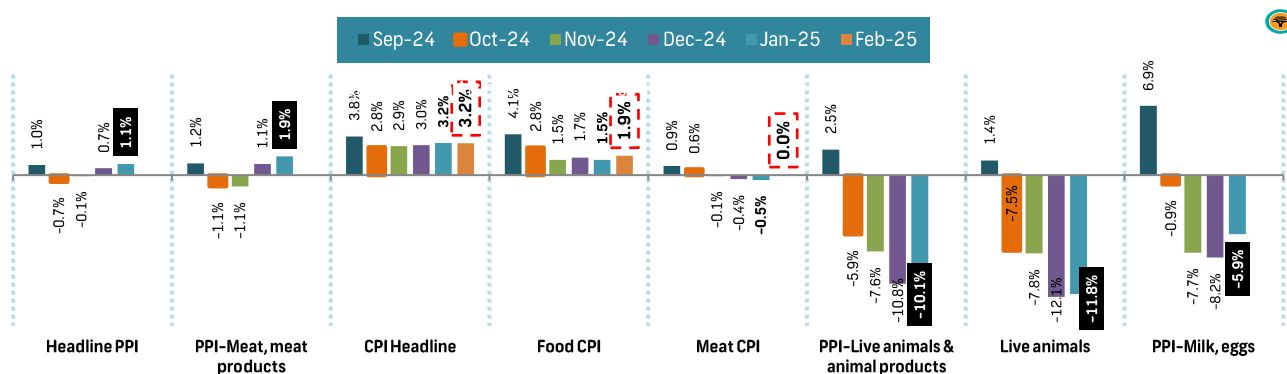
Paul Makube | Vhutshilo Mabela | Lerato Ramafoko | 26 MAR 2025

UPDATE ON LIVESTOCK MARKETS

South Africa's meat prices remained in the doldrums in February 2025

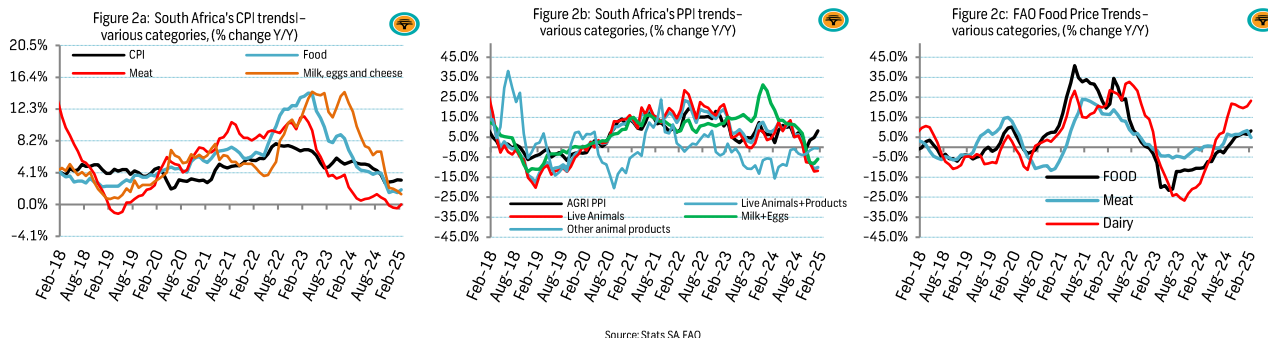
- South Africa's headline inflation remained sticky on the downside at 3.2% year-on-year (y/y) in February 2025, unchanged from the January level and below market expectations of 3.4%. Monthly consumer price inflation (CPI) nudged 0.9% month-on-month (m/m) on the back of contribution from core inflation.
- Although posting a mild uptick to 1.9% y/y in February, food inflation continued to trend below 2% in the past four months which is a record low since January 2011. Gains in "cereal products", "fish and other seafood", fruits and nuts", and "vegetables" prices underpinned the recent uptick in food inflation outcomes.
- Meat inflation however remained in the doldrums after posting negative growth from November 2024 to January 2025, further steadying in February 2025 at 0.0% y/y. This reflects the early year downturn in demand as well as the increased product availability due to the higher livestock slaughter rate over the past three months to January 2025.
- A drill down into the meat inflation data shows a mixed trend with most beef and pork cuts declining while lamb and mutton surprised on the upside relative to last year. In the case of chicken, whole birds saw a decline of 3% (-R 1.98/kg) y/y at R62.79/kg while the highly traded individually quick frozen (IQF) portions jumped 3% (+R2.55/kg) to R96.32/kg.
- Offal prices showed a mixed trend with gains for red meat categories mainly beef and sheep meats increasing by 1% (+R0.61) and 3% (+R1.79/kg) y/y respectively at R50.84/kg and R65.95/kg. We however saw further pressure on the chicken category with chicken giblets falling by 4% (-R1.72/kg) at R46.26/kg.

Figure 1: South Africa's consumer and producer price index trends (% Δ y/y)

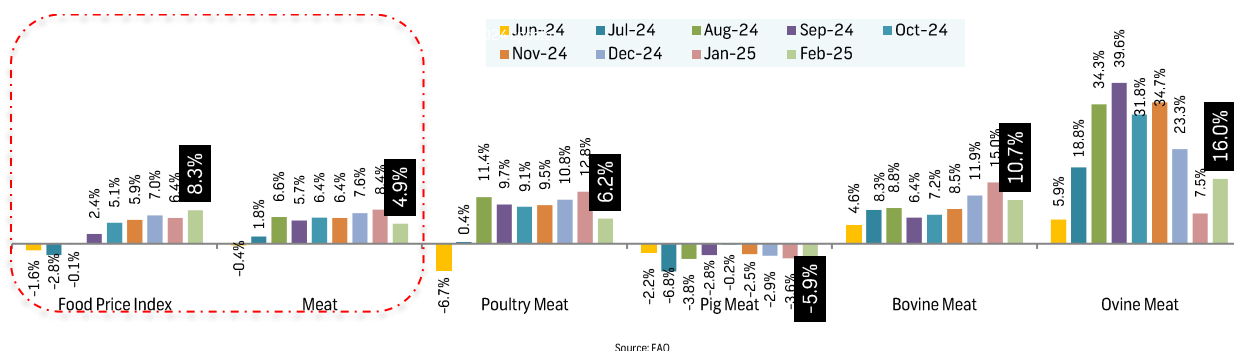


Source: FNB AgriComms

- South Africa's meat inflation continued to trail its global counterpart since July 2024. Global meat inflation as measured by the United Nation's Food and Agriculture Organization (FAO) was 4.9% y/y in February, but sharply below January's 8.4% y/y as heavy supplies of chicken and pork from Brazil and the EU respectively weighed heavily on prices (figure 2c).
- On producer price index (PPI), the PPI for "live animals and animal products" declined for the fourth consecutive month at -10.1% y/y and -1.9% m/m in January 2025. The PPI for "live animals" alone fell to -11.8% y/y and -2.5% m/m in January 2025 (figure 2b). However, South Africa's headline PPI increased by 1.1% y/y and 0.5% m/m. The PPI for February 2025 is due for release on Thursday 27 March 2025.

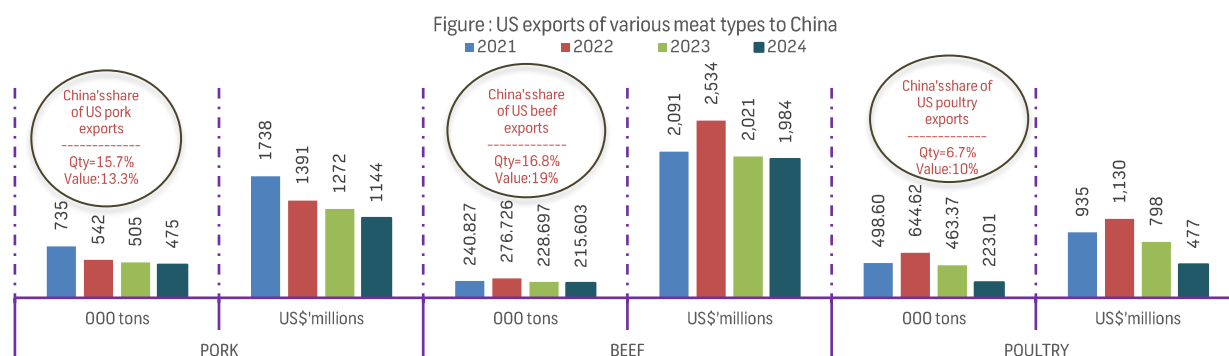
Figure 2: Detailed SA and global inflation trends for selected product categories (% Δ y/y)

- The FAO global pig meat inflation weighed heavily on the overall meat index with a sharp decrease to -5.9% y/y and has been in negative territory for the past eleven months (figure 3). Except for ovine meat which rose by 16% y/y in February from 7.5% y/y in January, the remaining indices decelerated with poultry posting the biggest slowdown of 6.6ppts from the previous month to 6.2% y/y followed by bovine by 4.3ppts at 10.7% y/y.

Figure 3: Global food and meat inflation trends - the FAO FEB 2025 update (% Δ y/y)

- Meanwhile, China imposed retaliatory tariffs of 10% to 15% on US agriculture produce valued at an estimated US\$21 billion. On meat, China's share of US pork exports was 15.7% and 13.3% in terms of volume and value respectively. China accounted for 16.8% and 19% in volumes and value of US beef exports in 2024 (fig.4). This presents an opportunity for South Africa to ramp up its meat exports to China though a lot depends on the speed at which the necessary protocols can be negotiated.

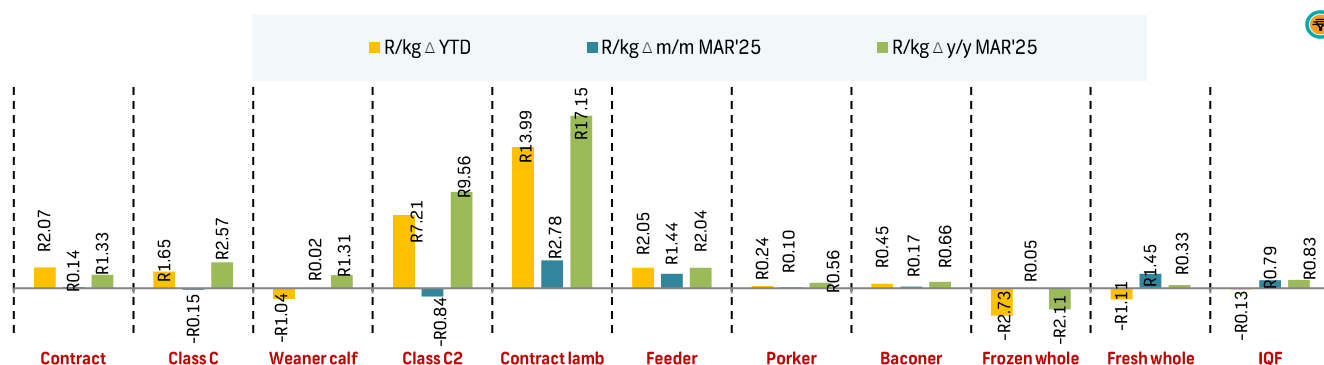
Figure 4: US exports of various meat types to China



Lamb and mutton post strong gains early in March 2025

- **Beef:** Our analysis of monthly trends in the beef market shows signs of improvement in prices due to the reduction in slaughter rates. The weaner market advanced further on limited availability due to the better production conditions.
- **Sheep:** Lamb and mutton extended good gains into March due to supply tightness (figure 5). Favourable production conditions encouraged producers to retain their stock.
- **Pork:** A slight rebound in pork and baconer prices due to limited availability.
- **Poultry:** The price trend in the whole bird category was mixed with the average frozen birds falling while the fresh category saw marginal gains. The IQF category posted slight gains on the back of limited supplies. One of the major producers is currently facing operational challenges which might impact supplies in the medium term.

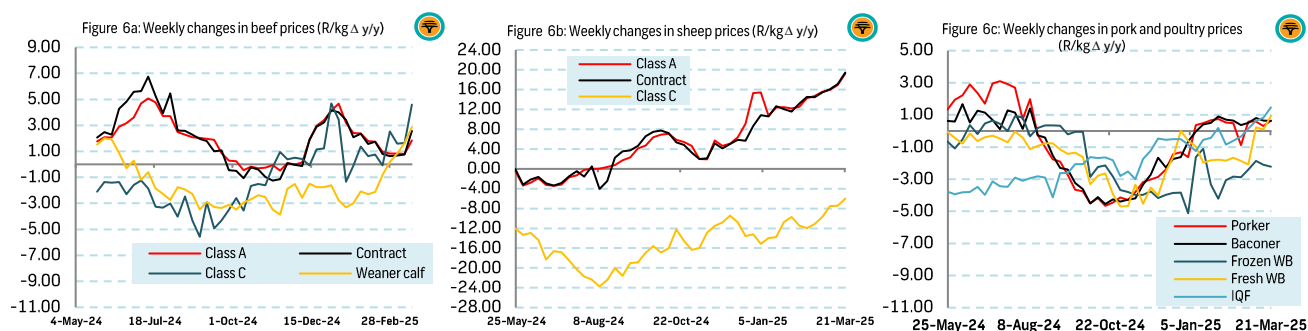
Figure 5: Changes in average livestock prices (R/kg Δ y/y) First 3 weeks of March 2025.



Source: FNB AgriComms

- Figures 6a, b, and c illustrate weekly changes in meat prices relative to last year for the various livestock categories that we track. Beef, sheep, and pork price growth trends show a rebound into positive territory, while chicken remains mixed with frozen whole birds in deflationary mode.

Figure 6: Changes in average weekly livestock prices (R/kg Δ y/y).

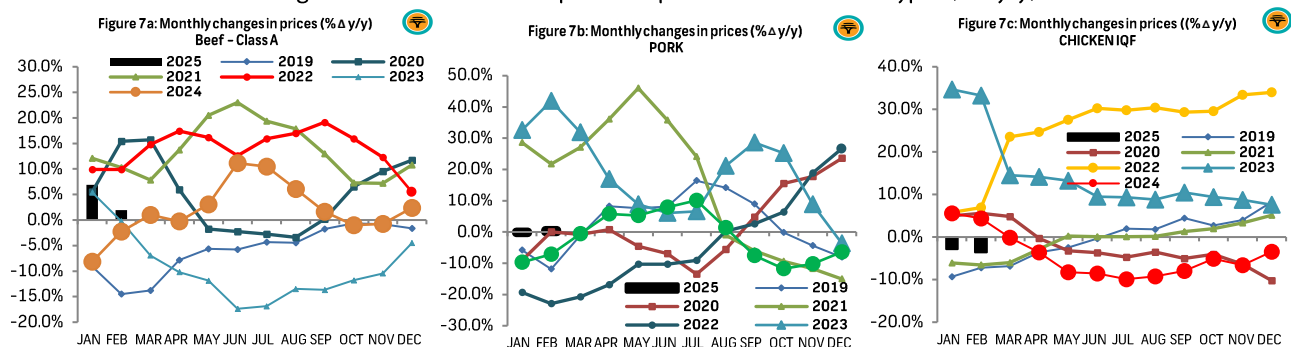


Source: FNB AgriComms

Annual growth trends for producer prices of various meat types – FEB 2025

- Figures 7a, 7b, and 7c illustrate monthly growth trends for various meat types relative to the previous year.

Figure 7: Growth trends for producer prices of various meat types (% Δ y/y)



Source: FNB AgriComms, Own Calculations

Light at the end of the tunnel as raw feed input prices decline towards mid-year

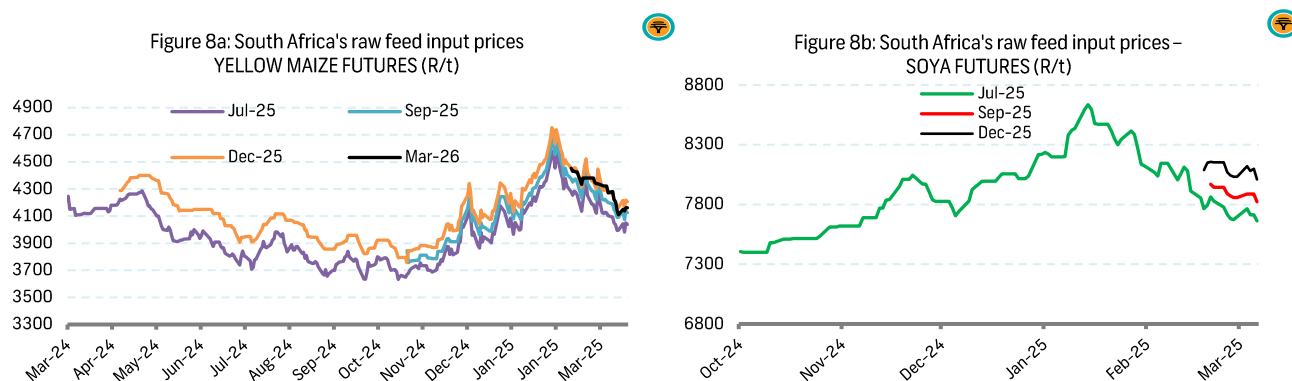
- Yellow maize futures are now back around R4,000/t which bodes well for reduced feed costs later in the year. Similarly, soybean prices futures fell from the highs of R8,600/t to below R8,000/t (table 2; figure 8).
- Although maize production is not back at its best levels of over 15 million tons, the harvest outlook indicates an improved situation relative to last year with the expected output above the normal country consumption of 11.8 million tons at 13.91 million tons.
- In the case of soybeans, the expected harvest is 2.33 million tons which is up by almost 26% y/y with yields above long-term average (10-year) of 1.94 t/ha at 2.02 t/ha.

Table 1: Raw feed inputs – Latest price trends in JSE grain and oilseed futures market (R/ton).

25 MAR 2025	WMAZ R/ton	%Δ m/m	YMAZ R/ton	%Δ m/m	SUNS R/ton	%Δ m/m	SOY R/ton	%Δ m/m
May-2025	R4,229	-11.5%	R4,048	-7.3%	R8,680	-4.7%	R7,490	-5.6%
Jul-2025	R4,117	-10.9%	R4,051	-6.9%	R8,890	-3.8%	R7,640	-5.2%
Sep-2025	R4,211	-10.4%	R4,138	-6.9%	R9,140	-	R7,823	-
Dec-2025	R4,304	-10.0%	R4,218	-6.8%	R9,379	-	R7,990	-

Source: JSE

Figure 8: Raw feed input prices – futures trends.



Source: JSE

- A higher maize crop harvest outlook poses downside risk to maize prices which augurs well for livestock feeders in terms of lowering feed costs.
- An analysis of the first production estimate data shows that yields are much better than the 20-year average at 5.33t/ha for maize but still way below the 5-year average by 7.2% (table 2). The soybean crops shows a sharp rebound of almost 26% y/y with yields 4% above the long-term average of 1.94t/ha at 2.02t/ha.
- Sunflower is also expected to realize a 14% y/y increase in production, and together with the higher soybeans crop will ensure adequate supply of oilcake necessary for livestock feeding.

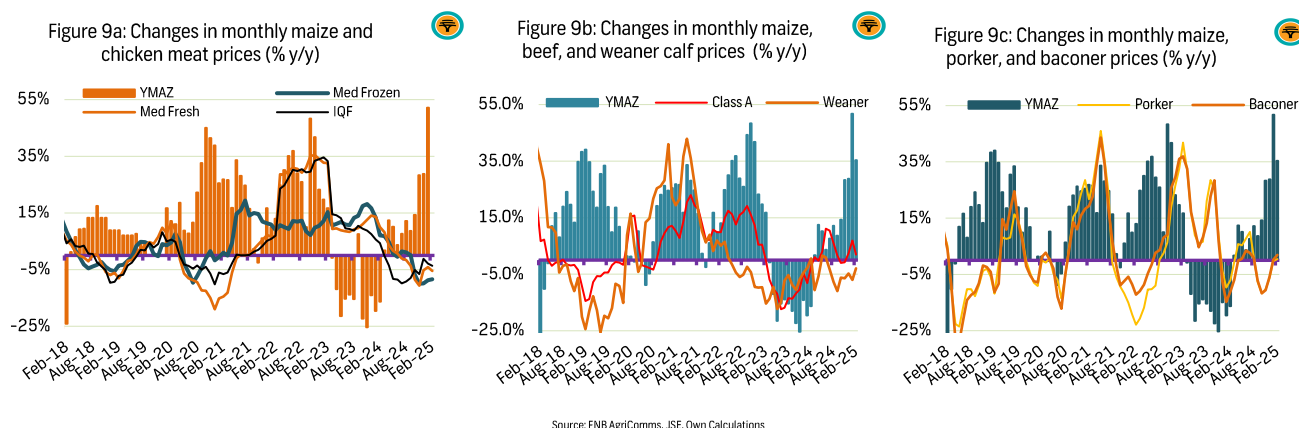
Table 2: Analysis of the 2024/25 summer crops production forecasts

	2025 1st Production Estimate	%Δ y/y (ha)	Δ y/y (ha)	%Δ 1st ha fcast	%Δ y/y (tons)	Avg yield/ ton, 2024/25 Season	LT Avg yield - 10yr (ton/ha)	2024/25 t/ha vs. 10yr AVG	LT Avg yield - 5yr (ton/ha)	2024/25 t/ha vs. 5yr AVG
MAIZE	13.911	-1.5%	-39,550	-1.9%	8.3%	5.36	5.33	0.5%	5.77	-7.2%
SUNFLOWER	0.720	5.0%	26,700	0.7%	13.9%	1.30	1.31	-0.9%	1.35	-4.1%
SOYBEANS	2.325	0.0%	500	2.5%	25.8%	2.02	1.94	4.3%	2.10	-3.6%
GROUNDNUTS	0.065	16.8%	6,925	4.2%	25.7%	1.36	1.26	8.2%	1.41	-4.0%
SORGHUM	0.130	-4.0%	-1,700	2.3%	32.3%	3.21	2.92	9.8%	3.19	0.5%
DRY BEANS	0.076	14.8%	5,870	-0.2%	50.4%	1.67				
TOTAL	17.227	-0.03%		-0.3%	10.9%					

Sources: CEC, SAGIS, Own calculations

- Figure 9 (a, b, and c) illustrates the monthly changes in various meats and maize prices. Annual growth in prices of maize outpaces that of all meat types and is likely to constrain profit margin growth in the medium term.

Figure 9: Monthly changes in maize prices in relation to various meat types- FEB 2025.



AgroMetrics: Livestock Charts

Figure 10: Beef and sheep meat price trends.

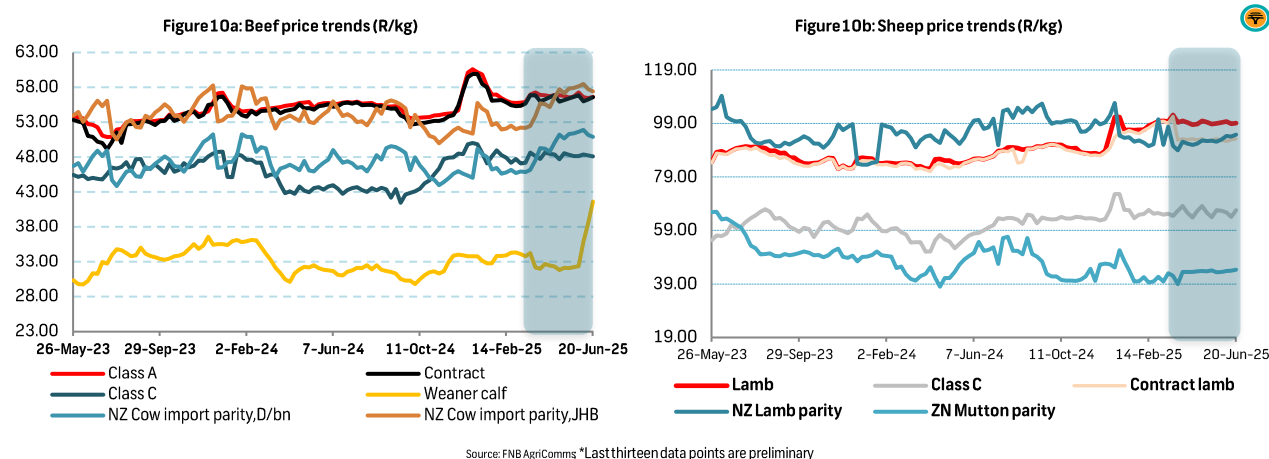
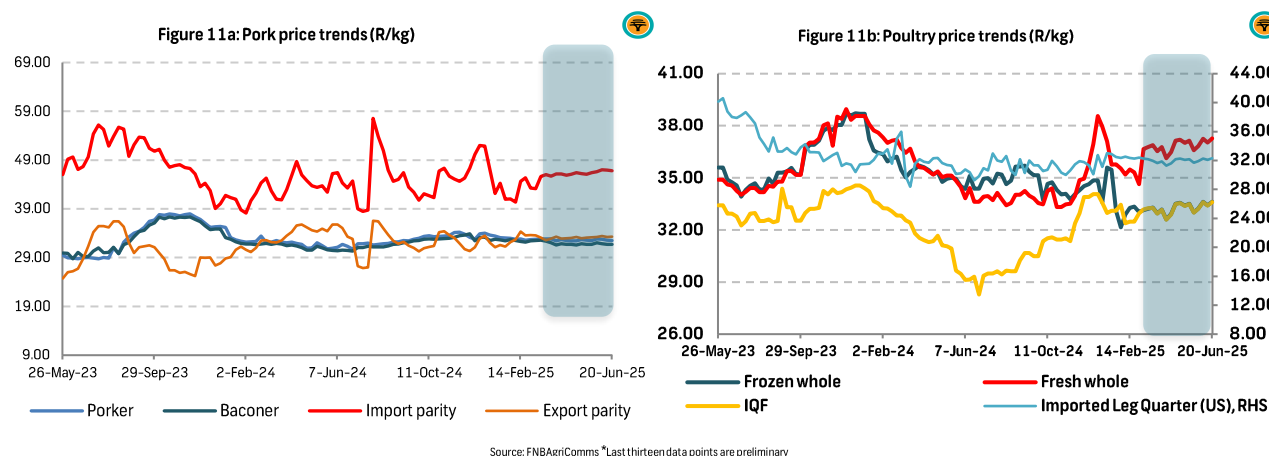


Figure 11: Pork and poultry price trends.



OUTLOOK

- Livestock prices are expected to rebound in the medium term on reduced availability due to improved production conditions. The seasonal upswing in demand during the Easter period will provide added support.
- Bullish features for the market: Improved demand prospects as financial pressures on consumers dissipate; declining grain and oilseeds prices that will boost feeding margins.

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